



POSTAL REGULATORY COMMISSION

39 CFR Part 3030

[Docket No. RM2021-5; Order No. 5854]

Application for Waiver of Workshare Discount

AGENCY: Postal Regulatory Commission.

ACTION: Application for waiver; comment request.

SUMMARY: The Commission is recognizing a Postal Service application for waiver pursuant to Commission regulations as it relates to a workshare discount. This notice informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* April 6, 2021.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On March 26, 2021, the Postal Service filed an application for waiver pursuant to 39 CFR 3030.286 requesting that the Commission waive the applicability of 39 CFR 3030.284 as it relates to the First-Class Mail Letters 5-Digit Automation workshare discount in the next rate adjustment filing.¹

II. Background

Pursuant to 39 CFR 3030.284, a workshare discount proposed by the Postal Service in any rate adjustment filing that is below avoided costs must either be associated with a new postal service, a change to an existing postal service, or a new workshare initiative; be at least a 20 percent increase from the existing workshare discount, or have a passthrough of at least 85 percent.² See 39 CFR 3030.284.

If the proposed workshare discount does not comply with the limitations of 39 CFR 3030.284, the Postal Service must file an application for waiver pursuant to 39 CFR 3030.286. See 39 CFR 3030.284(d); 39 CFR 3030.286. The Postal Service's waiver application must be supported by a preponderance of the evidence and demonstrate that a waiver from the limitations imposed by 39 CFR 3030.284 should be granted. See 39 CFR 3030.286(b). The Postal Service must include the grounds for a waiver, including all relevant supporting analysis; the length of time the waiver will be necessary; for each subsequent rate adjustment filing planned to occur during the length of time for which a waiver is

¹ United States Postal Service Application for Waiver Under 39 CFR 3030.286, March 26, 2021 (Application). The Postal Service's Application is accompanied by a Statement in Support of Waiver Application (Supporting Statement).

² The relationship between workshare discounts and avoided costs is usually expressed as a percentage called a passthrough, which is calculated by dividing the discount by the avoided cost. Workshare discounts with passthroughs below 100 percent are considered below avoided cost workshare discounts.

sought, a representation of the proposed minimum amount of the change to the workshare discount; and any other relevant information. See *also* 39 CFR 3030.286(c)(1) through (3) and (8). Grounds for waiver for a below avoided cost workshare discount and the required accompanying information are set forth in 39 CFR 3030.286(c)(5) and (7).³

III. Application for Waiver

The Postal Service requests a waiver of 39 CFR 3030.284 for First-Class Mail that is sorted to the 5-Digit level for any rate adjustment proceeding occurring in Fiscal Year (FY) 2021. Application, Supporting Statement at 1. The Postal Service states that “increasing the workshare discount for 5-Digit presort First-Class Mail by 0.5 cents in a single year could decrease the efficiency of its processing operations.” *Id.*; see 39 CFR 3030.286(c)(5). It notes that the current discount of 3.0 cents results in a passthrough of 73 percent, which is below the 85 percent threshold. *Id.* To be in compliance with 39 CFR 3030.284, the Postal Service states that it would be required to increase the discount by 0.5 cents to 3.5 cents absent a waiver. *Id.* at 1-2. It maintains that “[s]uch an increase (which would be nearly 17 [percent] higher than the same discount in FY 2020) represents a dramatic change following years of relative pricing stability.” *Id.* at 2. The Postal Service states that the required change “could lead to unpredictable changes among the relative proportions of mail volumes sorted to 5-Digit, Auto AADC, and Mixed AADC.” *Id.*

³ Grounds for waiver for a below avoided cost workshare discount relate to the impediment of efficient postal operations and non-compensatory products. See 39 CFR 3030.286(c)(5) and (7).

For these reasons, the Postal Service seeks to maintain the 5-Digit First-Class Mail Automation workshare discount at 3.0 cents for the next rate adjustment filing. *Id.*

IV. Notice and Comment

The Commission establishes Docket No. RM2021-5 for consideration of matters raised by the Application. More information on the Application may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Application no later than April 6, 2021. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

V. Ordering Paragraphs

It is ordered:

1. The Commission establishes Docket No. RM2021-5 for consideration of the matters raised by the United States Postal Service Application for Waiver Under 39 CFR 3030.286, filed March 26, 2021.

2. Comments by interested persons in this proceeding are due no later than April 6, 2021.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Katalin K. Clendenin to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Jennie L. Jbara,

Alternate Certifying Official.

